

COVID-19 ARPA PA SMALL WATER AND SEWER

SMALL PROJECTS TO IMPROVE PUBLIC WATER SUPPLY AND SANITARY SEWER SYSTEMS

Program Guidelines | September 2022



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Section I – Statement of Purpose

The PA Small Water and Sewer Program was established pursuant to § 1774.1-A of the Act of April 25, 2016 (P.L. ___, No. 25)(72 P.S. §1741-A.1 et. seq.), as amended, and authorizes the Commonwealth Financing Authority to award grants to municipalities and municipal authorities for water, sewer, and storm water projects with a cost of not less than \$30,000 and not more than \$500,000.

Act 54 of 2022 appropriated American Rescue Plan Act funds to the PA Small Water and Sewer Program. American Rescue Plan Act funds are subject to federal compliance and reporting requirements. The Commonwealth Financing Authority will provide its Reports Schedules to all grantees for the PA Small Water and Sewer Program.

Section II – Eligibility

A. Eligible Applicants

Any of the following entities who will own the proposed project are eligible to apply for a grant.

1. **A Municipality** includes any city, township, borough, town, county, or home rule
2. **A Municipal Authority** includes any authority created by a municipality pursuant to the act known as the "Municipal Authorities Act"

B. Eligible Projects

Eligible projects are those that have a total project cost of not less than \$30,000 and not more than \$500,000 and involve the construction, improvement, expansion, repair, or rehabilitation of a water supply system, sanitary sewer system, storm sewer system, or infrastructure that reduces the amount of runoff that needs to be managed by traditional infrastructure that are owned and maintained by an eligible applicant. An eligible project also includes consolidation or regionalization of two or more water supply systems or sanitary sewer systems which are managed or operated as an integrated system regardless of whether the system is physically connected.

Projects must be scoped to align to a single Expenditure Category (EC 5.1-5.18) as outlined in Appendix III.

C. Eligible Use of Funds

Funds may be used by the applicant to pay for any of the following project costs:

1. Construction, improvement, expansion, repair, or rehabilitation of a water supply system, sanitary sewer system, storm sewer system, or green stormwater infrastructure, including bioretention basins and rain gardens.
2. Installation of security measures.
3. Acquisition of land, rights-of-way and easements necessary to construct an eligible project.
4. Purchase and installation of fixed equipment.
5. Engineering and design costs not to exceed 10% of the grant amount.
6. Inspection costs related to the construction of an eligible project.
7. Permit Fees.
8. Costs to secure appropriate bonds and insurance.

9. Administrative costs of the applicant that are necessary to administer the grant. Administrative costs include advertising and, legal costs as well as documented staff expenses. Administrative costs shall not exceed 2% of the grant and any amount over 2% cannot be included as match for this program.
10. Project contingencies associated with construction costs are limited to 5% of the eligible construction costs. No other contingencies shall be included as eligible project costs.

Ineligible costs include but are not limited to fees for securing other financing, interest on borrowed funds, refinancing of existing debt, lobbying, fines, application preparation fees, tap in fees, and costs incurred prior to approval.

Section III – Program Requirements

A. Matching Fund Requirement

An eligible applicant shall provide matching funds of not less than 15% of the total eligible project cost. The cash match may come from any other source including PENNVEST.

B. Planning Approvals

All recipients of funding are required to demonstrate in the application that the project complies with regional, county and local comprehensive plans as evidenced by a letter from the appropriate local planning agency. If inconsistencies between plans exist, preference will be given to the approved county-level plans.

C. Other Requirements

1. Conflicts of Interest

An officer, director, or employee of an applicant who is a party to or who has a private interest in a project shall disclose the nature and extent of the interest to the governing body of the applicant and may not vote on any action of the applicant concerning the project nor participate in the deliberations of the applicant concerning the project.

2. Nondiscrimination

No assistance shall be awarded to an applicant under this program unless the applicant and project user, if applicable, certify to the Authority that the applicant and project user, if applicable, shall not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Human Relations Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable federal laws. All contracts for work to be paid with assistance must contain the commonwealth's official nondiscrimination clause.

3. Project Records

The applicant must maintain full and accurate records with respect to the project and must ensure adequate control over related parties in the project. The Authority requires access to such records, as well as the ability to inspect all work, invoices, materials, and other relevant records at reasonable times and places. Upon request of the Authority, the applicant must furnish all data, reports, contracts, documents, and other information relevant to the project.

4. **Pennsylvania Prevailing Wage Act**

The Grantee will comply with the PA Prevailing Wage Act of 1961, as amended (43 P.S. 165-1 through 165-17) in those instances in which the federal Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) either is not applicable or an exception would apply to projects undertaken by the Grantee.

5. **Certification of Expenses**

The applicant shall sign a payment request form certifying that the expenses were incurred and were in accordance with the scope of work approved by the CFA. In lieu of a formal project audit and prior to final closeout of the grant agreement, the applicant shall be required to submit copies of all canceled checks verifying the expenditure of the PA Small Water and Sewer Program proceeds. Bank statements may also be submitted if electronic payment of the expenditure occurred.

6. **Worker Protections**

Contractors and grantees of the Commonwealth must certify that they are in compliance with all applicable Pennsylvania state labor and workforce safety laws. Such certification shall be made through the Worker Protection and Investment Certification Form (BOP-2201) and submitted with the bid, proposal or quote.

7. **Bidding Requirements**

Applicants must comply with all applicable federal, state, and local laws and regulations dealing with bidding and procurement. Applicants are subject to federal procurement requirements in the Uniform Guidance 2 C.F.R. § 200.317 through 200.327.

8. **Compliance Requirements**

Fund payments are subject to the following requirements in the Uniform Guidance: 2 C.F.R. § 200.330 through 200.332 regarding subrecipient monitoring and management, 2 C.F.R. 200 subpart F regarding audit requirements, and 2 C.F.R. 180 regarding competitive bidding and contractor oversight.

9. **Financial Audit**

A Recipient or Sub-Recipient that expends \$750,000 or more in federal awards during its fiscal year is required to provide the appropriate single or Program-Specific Audit in accordance with the provisions outlined in 2 CFR § 200.501.

10. **Reporting Requirements**

Grantees will be required to submit quarterly and annual reports as required under the American Rescue Plan Act. The required data is specific to the project's corresponding Expenditure Category. Templates for these reports have been added to the PA Small Water and Sewer Program page. Please note that these templates have been created using reporting requirements as of the date of these guidelines. Additional reporting requirements may be incorporated as dictated by updates to federal guidance and regulations relative to the administration of American Rescue Plan Act funds.

11. **Guideline Provisions**

The PA Small Water and Sewer Program guidelines provisions may be modified or waived by the Authority unless otherwise required by law.

D. Fees

The Commonwealth Financing Authority charges a \$100 non-refundable application fee for PA Small Water and Sewer Program applications. The application fee must be paid electronically by credit or debit card or electronic check through our secure, third-party vendor. Payment of the application fee must be completed prior to the certification and submission of the Electronic Single Application. Detailed payment instructions will be provided on the Certification Tab of the Electronic Single Application once all required fields have been completed.

Section IV – Grants

1. Grants are available for projects with a total cost of not less than \$30,000 and not more than \$500,000.
2. To be eligible for reimbursement, project costs must be incurred within the time frame established by the grant agreement.

Section V – Application Procedures

1. To apply for funding, the applicant must submit the electronic on-line Department of Community and Economic Development Single Application for Assistance located at dced.pa.gov/singleapp. Required supplemental information outlined in Appendix I of these guidelines must be attached electronically to the application as directed on the Addenda tab. For technical inquiries regarding the submission of the on-line application, contact the Customer Service Center at (800) 379-7448 or (717) 787-3405.
2. Applications will be accepted from October 1, 2022 through December 21, 2022. All applications and required supplemental information must be received by December 21, 2022.
3. Prior to submitting an application, applicants must obtain a Unique Entity ID (UEI) number from the Federal System for Award Management. Information about obtaining a UEI can be found at www.sam.gov.

Section VI – Application Evaluation

All applications for financial assistance will be reviewed by the Authority to determine eligibility and competitiveness of the proposed project using the following criteria:

1. Project readiness.
2. Project is consistent with all local, state and regional comprehensive, regional resource management or economic development plans.
3. The cost-effectiveness of the proposed project when compared to other alternatives.
4. Whether the construction or repair [or consolidation] of a water or sewer project will enable customers of the system or regional system to be more efficiently served.
5. Whether the project serves existing populations or whether the project is intended to serve new development.
6. Whether the project will result in a substantiated positive economic development impact as evidenced by job creation and private investment.
7. The ability of the applicant to secure funding for the project.
8. The proactive implementation of practices to promote sustainability of the system such as asset management, water conservation, energy efficiency, and the use of nonstructural alternatives to minimize the amount of storm water that infiltrates into a system.

Section VII – Procedures for Accessing Funds

Upon approval of an application by the CFA, a grant agreement and commitment letter will be electronically issued to the applicant explaining the terms and conditions of the grant. The Grantee must provide the names, titles and e-mail addresses for two authorized individuals to receive and electronically sign the grant agreement. The grant agreement must be electronically signed and returned to the CFA within 45 days of the date of the commitment letter or the offer may be withdrawn by the CFA.

Section VIII – Program Inquiries

Program inquiries should be directed to:

PA Department of Community & Economic Development
CFA Programs Division
PA Small Water and Sewer Program
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

Telephone: (717) 787-6245
Fax: (717) 772-3581
E-mail: ra-dcedsitedvpt@pa.gov

These guidelines can also be accessed online at dced.pa.gov.

Appendix I – Supplemental Information

PA Small Water and Sewer Program

In addition to completing the Department's Single Application for Assistance, please include the following items when applying for a grant under the PA Small Water and Sewer Program:

Exhibit 1: Project Description

For Water, Sewer, and Storm Sewer Projects provide a description of the project which discusses all of the following:

- a. a detailed project description;
- b. the specific location of the project area;
- c. whether the project will result in a substantiated positive economic development impact;
- d. the estimated start and end dates of construction;
- e. the names of the municipalities that will potentially benefit from the project;
- f. how the project promotes the most efficient management of water resources and protects the health and safety of the citizens of the commonwealth;
- g. the sound management practices implemented by the applicant in the past five years to enhance the long-term sustainability of the system including but not limited to energy efficiency improvements, water conservation, full cost pricing, asset management, and the installation of non-structural alternatives to minimize the amount of storm water that infiltrates the system;
- h. whether the project serves existing populations or new development.

Exhibit 2: Ownership Letter

A letter stating the project will be owned and maintained by an eligible applicant.

Exhibit 3: Cost Estimate

Provide a thorough and detailed statement as to the estimated cost of the project. This statement should be part of the cost-effectiveness analysis for each feasible alternative and include the identification of the most cost-effective alternative. The most cost-effective alternative is the treatment system that has the lowest present worth value, unless non-monetary costs are overriding, that meets the minimum requirements of applicable effluent limitations, groundwater protection, and other applicable standards. The period for this analysis should be the expected design life of the project. The costs to be considered in the analysis include the present worth or equivalent annual value of capital costs and operation and maintenance (O&M) costs. Monetary costs shall be presented as present worth values for all capital and operation and maintenance (O&M) costs over the expected design life of the project. A description of the significance and impact of non-monetary factors, such as environmental effects, implementation capability, operability, performance reliability, and flexibility.

Exhibit 4: Matching Funds Commitment

Provide funding commitment letters from all other project funding sources (including equity commitments).

- Funding commitments or term sheets provided by lending institutions must include the term, rate, and collateral conditions, and must be signed and dated.
- Funding commitments of equity from the applicant or private third party must be signed and dated (indicating the amount of funds being committed) and be accompanied by documentation (such as audited financial statements) showing the ability to commit such funds.

Exhibit 5: Color-Coded Map

A color-coded map detailing the location of the infrastructure or where the project will be conducted.

Exhibit 6: Planning Letter

A letter from the appropriate planning agency certifying that the proposed project complies with the comprehensive land use plans.

Exhibit 7: Resolution

Provide a resolution duly adopted by the applicant's governing board formally requesting the grant, designating an official to execute all documents, describing briefly the project scope, and identifying the grant amount. (See Appendix II for a Sample Resolution).

Exhibit 8: Permits

A list of all Local, State and Federal planning approvals and permits from the appropriate agencies.

Exhibit 9: Income Demographics for Project Area

Using information from the 2020 edition of the US Census American Community Survey, please provide the following information for the area to be served by the proposed project at the municipal level.

- [Median Household Income](#) of the service area.
- [Lowest Quintile of Income](#) of the service area.

Exhibit 10: Federal Funding Accountability and Transparency Act (FFATA) Sub-Recipient Data Sheet

Provide a completed FFATA Sub-Recipient Data Sheet. A blank form can be found on the [COVID-19 ARPA PA Small Water and Sewer Program under FFATA](#). The Contract # field will be completed by DCED staff upon award.

If you have any questions on completing the application, please call the CFA Programs Division at (717) 787-6245.

Appendix II – Authorized Official Resolution

Be it RESOLVED, that the _____ (Name of Applicant) of _____ (Name of County) hereby request an PA Small Water and Sewer Program grant of \$_____ from the Commonwealth Financing Authority to be used for _____.

Be it FURTHER RESOLVED, that the Applicant does hereby designate _____ (Name and Title) and _____ (Name and Title) as the official(s) to execute all documents and agreements between the _____ (Name of Applicant) and the Commonwealth Financing Authority to facilitate and assist in obtaining the requested grant.

I, _____, duly qualified Secretary of the _____ (Name of Applicant), _____ (Name of County) _____, PA, hereby certify that the forgoing is a true and correct copy of a Resolution duly adopted by a majority vote of the _____ (Governing Body) at a regular meeting held _____ (Date) and said Resolution has been recorded in the Minutes of the _____ (Applicant) and remains in effect as of this date.

IN WITNESS THEREOF, I affix my hand and attach the seal of the _____ (Applicant),
this ____ day of _____, 20____.

9.

10.

Name of Applicant

County

Secretary

Appendix III – Expenditure Categories

The information below is taken from page 43 of the [American Recovery Plan Act Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds Version: 4.2](#).

Water and Sewer	Expenditure Category	Previous Expenditure Category
Clean Water: Centralized Wastewater Treatment	5.1	5.1
Clean Water: Centralized Wastewater Collection and Conveyance	5.2	5.2
Clean Water: Decentralized Wastewater	5.3	5.3
Clean Water: Combined Sewer Overflows	5.4	5.4
Clean Water: Other Sewer Infrastructure	5.5	5.5
Clean Water: Stormwater	5.6	5.6
Clean Water: Energy Conservation	5.7	5.7
Clean Water: Water Conservation	5.8	5.8
Clean Water: Nonpoint Source	5.9	5.9
Drinking water: Treatment	5.10	5.10
Drinking water: Transmission & Distribution	5.11	5.11
Drinking water: Lead Remediation, including in Schools and Daycares	5.12	5.12
Drinking water: Source	5.13	5.13
Drinking water: Storage	5.14	5.14
Drinking water: Other water infrastructure	5.15	5.15
Water and Sewer: Private Wells	5.16	-
Water and Sewer: IJJA Bureau of Reclamation Match	5.17	-
Water and Sewer: Other	5.18	-